

February 4, 1997

MEMORANDUM TO: Distribution

FROM: Michael J. Rubino, Associate Director
 Acquisition Services Branch

SUBJECT: Policy Memorandum No. 97-001 -
 Advance Payments to FDIC Contractors

1. Purpose. The purpose of Policy Memorandum No. 97-001 is to clarify the policies and procedures stated in the Acquisition Policy Manual (APM) with regard to making advance payments to FDIC contractors.
2. Reference. APM 8.I.4., *Authorization*, page 8-37
3. Scope. This Policy Memorandum is applicable to all Contracting Officers and Acquisition Services Branch personnel involved in awarding contracts and purchase orders on behalf of the Corporation. It represents a formal revision to the APM and will be formally incorporated therein at a later date.
4. Background. The Acquisition Policy Manual (APM) establishes policies and procedures for making advance payments to contractors in Section 8.I. In APM 8.I.4., *Authorization*, it states that the Regional Manager may approve advances \$50,000 or less and that the Division Director may approve advances greater than \$50,000, prior to the issuance of the Request for Proposal.
5. APM Change. In accordance with the foregoing, the APM is changed as follows:
 - a. In APM 8.I.4., *Authorization*, the reference to the "Regional Manager" is changed to read "the senior executive in a given Division or Office in the Field (e.g., Regional Manager, Division of Administration; Regional Director, Division of Resolutions and Receiverships; or the Regional Financial Manager, Division of Finance)." In addition, Section 8.I.4. is modified to add the following:

"The amount of the approved advance shall be considered as a not-to-exceed amount under the contract. It may be replenished by FDIC on a monthly basis as the contractor applies the funding to properly incurred expenses. This replenishment does not require the approval for "advances" as stipulated in APM 8.I.4. However, expenditure authority must be obtained for the contract's

aggregate amount, including any advanced amounts, from the appropriate corporate official(s) in accordance with the Expenditure Delegations."

- b. In APM 8.I.7.b., *Advance Payments Deposits*, the second sentence is deleted in its entirety and replaced with the following:

"The Contracting Officer shall ensure that the terms and conditions associated with providing advance payments to contractors are fully documented in all awarded contracts."

6. Effective Date. This Policy Memorandum is effective immediately.
7. Contacts. If you have any questions regarding this Policy Memorandum, please call Dave McDermott on (202) 942-3434.

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